

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Roscommon Metropolitan Rec. Authority	County Roscommon
Fiscal Year End 12/31/05	Opinion Date 6/14/06	Date Audit Report Submitted to State 8/25/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
- ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
- ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
- ☒ ☐ The local unit has adopted a budget for all required funds.
- ☒ ☐ A public hearing on the budget was held in accordance with State statute.
- ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
- ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
- ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
- ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
- ☒ ☐ The local unit is free of repeated comments from previous years.
- ☒ ☐ The audit opinion is UNQUALIFIED.
- ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
- ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
- ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	None required		
Other (Describe)	<input type="checkbox"/>	N/A		
Certified Public Accountant (Firm Name) Robertson & Carpenter CPAs, P.C.		Telephone Number 989-826-5442		
Street Address P.O. Box 308		City Mio	State MI	Zip 48647
Authorizing CPA Signature		Printed Name Robert. J. Carpenter		License Number 1101008247

**Roscommon Metropolitan Recreation Authority
Roscommon County, Michigan
Financial Report
With Supplemental Information
December 31, 2005**

Roscommon Metropolitan Recreation Authority

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INDEPENDENT AUDITOR'S REPORT

Metropark Board
Roscommon Metropolitan Recreation Authority
P.O. Box 658
Roscommon, Michigan 48653

We have audited the accompanying financial statements of the governmental activities and each major fund Roscommon Metropolitan Recreation Authority as of and for the year ended December 31, 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Roscommon Metropolitan Recreation Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Roscommon Metropolitan Recreation Authority as of December 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through page 6 and page 17 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Robertson & Carpenter CPAs, P.C.
Certified Public Accountants
June 14, 2006

Management's Discussion and Analysis

As management of Roscommon Metropolitan Recreation Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2005.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$360,582 (*net assets*). Of this amount, \$78,548 (*unrestricted net assets*) may be used to meet the Authority's ongoing obligations
- The Authority's total net assets increased by \$5,885.
- As of the close of the current fiscal year, the Authority's general fund, reported an ending fund balance of \$51,024, an increase of \$6,864 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$51,024 or 33% percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The *Government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the Government-wide financial statements present functions of the Authority that are principally supported by fees and rental revenues (*governmental activities*). The governmental activities of the Authority consist of recreation and culture. The Authority does not have any business-type activities as of and for the year ended December 31, 2005.

The Government-wide financial statements can be found on pages 7-8 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has one category of funds: governmental funds..

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Authority's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains one governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund.

The Authority adopts an annual appropriated budget for its governmental fund. Budgetary comparison statements or schedules have been provided for the governmental fund herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 9-10 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 11-15 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded its liabilities by \$360,582 at the close of the most recent fiscal year.

A large portion of the Authority's net assets (78%) reflects its investment in capital assets (e.g., land, land improvements, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The Authority did not have any debt related to capital assets at December 31, 2005. The Authority uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

Authority's Net Assets

	Governmental	Activities
	December 31,	December 31,
	2005	2004
Current and Other Assets	79,487	72,499
Capital Assets, Net	<u>282,034</u>	<u>283,013</u>
Total Assets	<u>361,521</u>	<u>355,512</u>
Current Liabilities	939	815
Long Term Liabilities	<u>-0-</u>	<u>-0-</u>
Total Liabilities	<u>939</u>	<u>815</u>
Net Assets:		
Invested in Capital Assets,		
Net of Related Debt	282,034	283,013
Unrestricted	<u>78,548</u>	<u>71,684</u>
Total Net Assets	<u>360,582</u>	<u>354,697</u>

The Authority's net assets increased by \$5,885 during the current fiscal year. Unrestricted net assets—the part of net assets that can be used to finance day to day operations, increased by \$6,864 or 10%, during fiscal year 2005.

Authority's Changes in Net Assets

	<u>Governmental</u> <u>December 31,</u> <u>2005</u>	<u>Activities</u> <u>December 31,</u> <u>2004</u>
Revenue:		
Program Revenue:		
Charges for services	129,585	139,794
Operating Grants and Contributions	18,249	56,842
General Revenue:		
Interest and Investment Earnings	724	484
Other	<u>10,725</u>	<u>7,125</u>
Total Revenue	159,283	204,245
Expenses:		
Recreation and Culture	<u>153,398</u>	<u>191,106</u>
Total Expenses	<u>153,398</u>	<u>191,106</u>
Increase in Net Assets	5,885	13,193
Net Assets, Beginning of Year	<u>354,697</u>	<u>341,504</u>
Net Assets, End of Year	<u>360,582</u>	<u>354,697</u>

Governmental activities. The Authority's total governmental revenues (decreased) by (\$44,962) from last fiscal year. This was primarily attributed to a decrease in state grants and donations for operations. Expenses (decreased) by (\$37,708). The decrease was primarily due to decreased grant expenses and capital outlay expense.

Financial Analysis of the Government's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the Authority's governmental fund reported an ending fund balance of \$51,024, an increase of \$6,864 in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Authority's discretion, constitutes 100% of this total amount or \$51,024.

The primary governmental fund is the General Fund of the Authority. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 33% and total fund balance represents 33% of total general fund expenditures.

The fund balance of the General Fund increased by \$6,864 during the current fiscal year.

Governmental Funds Budgetary Highlights

The Authority's budgets are prepared in accordance with Michigan Law. The budgeted fund is the General Fund. The General Fund budget was not amended during the year.

Capital Asset and Debt Administration

Capital assets. The Authority's investment in capital assets for its governmental activities as of December 31, 2005, amounted to \$282,034 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, and equipment. Additions totaled \$8,875 for the fiscal year.

Authority's Capital Assets (net of depreciation)

	December 31 2005	December 31 2004
Land	1	1
Land Improvements	42,106	37,000
Buildings	215,002	221,588
Equipment	<u>24,925</u>	<u>24,424</u>
Total	<u>282,034</u>	<u>283,013</u>

Additional information on the Authority's capital assets can be found in note 4 on page 15 of this report.

Factors Bearing on the Authority's Future

The following factors were considered in preparing the Authority's budget for the 2006 fiscal year:

- The Authority has increased the budget for utilities due to the increase in rates charged by the public utilities. Capital outlay expenditures are increased in anticipation of work being done on the tennis courts. Wages are increased to provide a position for a fitness trainer.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Roscommon Metropolitan Recreation Authority
P.O. Box 658
Roscommon, Michigan 48653

Basic Financial Statements

Roscommon Metropolitan Recreation Authority
Statement of Net Assets
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents (Note 3)	\$ 79,487
Capital assets-net (Note 4)	<u>282,034</u>
Total assets	<u>361,521</u>
 Liabilities	
Current Liabilities:	
Payroll taxes & withholdings	<u>939</u>
Total current liabilities	<u>939</u>
Total liabilities	<u>939</u>
 Net Assets	
Invested in capital assets	282,034
Unrestricted	<u>78,548</u>
Total net assets	\$ <u><u>360,582</u></u>

See accompanying notes to financial statements.

Roscommon Metropolitan Recreation Authority
Statement of Activities
Year Ended December 31, 2005

		Program Revenues		Governmental
		Charges for	Operating	Activities
	Expenses	Services	Grants	Net (Expense)
Functions/Programs				Revenue and
				Changes in
				Net Assets
Governmental Activities				
Recreation & culture	\$ 153,398	\$ 129,585	\$ 18,249	\$ (5,564)
Total governmental activities	\$ 153,398	\$ 129,585	\$ 18,249	(5,564)
General Revenues:				
Interest and investment earnings				724
Other				10,725
Total general revenues				11,449
Change in Net Assets				5,885
Net assets - beginning of year				354,697
Net assets - end of year				\$ 360,582

Amounts reported for governmental activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$ 6,864
Government funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation.	
Depreciation expense	\$ (13,027)
Capital outlay	12,048
	(979)
Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds increase (decrease) from prior year	-
Change in Net Assets of Governmental Activities	\$ 5,885

See accompanying notes to financial statements.

Roscommon Metropolitan Recreation Authority
Governmental Funds
Balance Sheet
December 31, 2005

	General Fund
Assets	
Cash and cash equivalents	\$ 79,487
Total assets	<u>\$ 79,487</u>
Liabilities	
Payroll taxes and withholdings	\$ 939
Deferred revenue	<u>27,524</u>
Total liabilities	<u>28,463</u>
Fund balances	
Unreserved:	
Undesignated:	
General Fund	<u>51,024</u>
Total fund balances	<u>51,024</u>
Total liabilities and fund balances	<u>\$ 79,487</u>

Amounts reported for governmental activities in the statement of net assets are different because:

Fund Balances - Total Governmental Funds	\$ 51,024
Capital assets used in governmental activities are not financial financial resources, and are not reported in the funds.	
The cost of capital assets is	345,335
Accumulated depreciation is	(63,301)
Other long term assets not available to pay current period expenditures, therefore deferred in governmental funds	27,524
Net Assets of Governmental Activities	<u>\$ 360,582</u>

See accompanying notes to financial statements.

Roscommon Metropolitan Recreation Authority
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended December 31, 2005

	General Fund
Revenues:	
State grants	\$ 2,410
Intergovernmental	15,839
Charges for services	67,208
Interest	724
Rentals	62,377
Other	<u>10,725</u>
Total Revenues	<u>159,283</u>
Expenditures:	
Current	
Recreation and culture	140,371
Capital outlay	<u>12,048</u>
Total Expenditures	<u>152,419</u>
Excess of revenues over (under) expenditures	6,864
Fund Balance - January 1, 2005	<u>44,160</u>
Fund Balance - December 31, 2005	<u><u>\$ 51,024</u></u>

See accompanying notes to financial statements.

Roscommon Metropolitan Recreation Authority
Notes to Financial Statements
December 31, 2005

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Roscommon Metropolitan Recreational Authority ("the Authority") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies used by the Authority:

Reporting Entity

Roscommon Metropolitan Recreational Authority was incorporated on June 10, 1969 with the Village of Roscommon and Higgins Township being the joint incorporators. The Authority is operates under an appointed Authority Board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Authority's reporting entity, and which organizations are legally separate, component units of the Authority. Based on the application criteria, the Authority does not contain any component units.

Government-wide and Fund Financial Statements

The Government-side financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Authority. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Authority's government-wide activities are considered governmental activities. The Authority does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a certain function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1 - Summary of Significant Accounting Policies (Continued)

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Grant revenue and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when the cash is received by the Authority.

The Authority reports the following major governmental funds:

The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund.

Amounts reported as program revenue include: (1) charges to customers for goods, services or privileges provided and (2) operating grants and contributions. General revenue includes all other items.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds."

All receivables are shown net of an allowance for uncollectible amounts.

Capital Assets - Capital assets, which include land, land improvements, buildings, and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Roscommon Metropolitan Recreation Authority
Notes to Financial Statements
December 31, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Land Improvements	20 years
Buildings and additions	20-40 years
Equipment	5-20 years

Compensated Absences - There is no liability for compensated absences reported in the government-wide financial statements since no Authority employees are provided with sick or vacation pay benefits.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriating or are legally restricted by outside parties for use for a specific purpose. The Authority did not have a reserved fund balance at December 31, 2005. Designations of fund balance represent tentative management plans that are subject to change. The Authority did not have a designated fund balance at December 31, 2005.

Comparative Data/Reclassifications - Comparative data is not included in the Authority's financial statements.

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted account principles and state laws for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the line item level. State law requires the Authority adopt its budgets by January 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits the Authority to amend its budget during the year.

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until the receipt of materials or services. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances are reappropriated in the next year.

Roscommon Metropolitan Recreation Authority
Notes to Financial Statements
December 31, 2005

Note 2 - Stewardship, Compliance and Accountability

Excess of expenditures over appropriations in budgeted funds:

The Authority incurred expenditures in excess of amounts budgeted as follows:

<u>Fund and Function</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
General:			
Recreation and Culture:			
Salaries and wages	\$ 41,100	\$ 42,145	\$ 1,045
Office supplies	1,245	1,499	254
Contracted supplies	4,800	9,753	4,953
Casual labor	-	300	300
Advertising	5,700	6,076	376
Utilities	46,650	51,092	4,442

Note 3 - Deposits and Investments

Michigan Compiled Laws, Section 129.91 authorizes the Authority to make deposits and investments in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The Authority is also allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority Board has designated three financial institutions for the deposit of Authority funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in accordance with State statutory authority as listed above.

The Authority's deposits and investment policy are in accordance with statutory authority.

At year-end, the Authority's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Authority Total</u>
Cash and cash equivalents	\$ 79,487	\$ 79,487
Investments (CD's)	-	-
Total	\$ 79,487	\$ 79,487

The breakdown between deposits and investments for the Township is as follows:

Deposits (checking, savings and CDs)	\$ 79,487
Investments (CD's)	-
	\$ 79,487

The deposits of the Authority were reflected in the accounts of three financial institutions, of which \$68,374 is covered by federal depository insurance.

The Authority did not have any Certificates of Deposits at December 31, 2005.

Roscommon Metropolitan Recreation Authority
Notes to Financial Statements
December 31, 2005

Note 4 - Capital Assets

Capital assets activity of the Authority's Governmental activities were as follows:

	Balance January 1, 2005	Additions	Deletions	Balance December 31, 2005
Capital assets not being depreciated:				
Land	\$ 1	\$ -	\$ -	\$ 1
Capital assets being depreciated:				
Land improvements	40,000	7,275	-	47,275
Buildings	253,458	-	-	253,458
Equipment	39,828	4,773	-	44,601
Subtotal	333,286	12,048	-	345,334
Accumulated Depreciation				
Land improvements	3,000	2,169	-	5,169
Buildings	31,870	6,586	-	38,456
Equipment	15,404	4,272	-	19,676
Subtotal	50,274	13,027	-	63,301
Net capital assets being depreciated	283,012	(979)	-	282,033
Governmental Activities				
Total Capital Assets net of Depreciation	\$ 283,013	\$ (979)	\$ -	\$ 282,034

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Recreation & culture	\$ 13,027
Total governmental activities	\$ 13,027

Note 5 - Risk Management

Roscommon Metropolitan Recreation Authority is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by insurance purchased from independent insurance companies. Settled claims from these risks have not exceeded insurance coverage for the last three years.

Note 6 - Deferred Revenue

Governmental funds defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the composition of deferred revenue is as follows:

Gerrish-Higgins School District - for capital improvements	Unearned
	\$ 27,524

Required Supplemental Information

Roscommon Metropolitan Recreation Authority
 Budgetary Comparison Schedule - General Fund
 Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with
	2005	2005	Amounts	Final Budget
	Original	Final	Budgetary	Over (Under)
			Basis	
Fund Balance - Beginning of year	\$ 41,000	\$ 41,000	\$ 40,987	\$ (13)
Resources (Inflows)				
State grants	300	300	2,410	2,110
Intergovernmental	15,839	15,839	15,839	-
Charges for services	64,697	64,697	67,208	2,511
Interest and rentals	65,975	65,975	724	(65,251)
Other	4,400	4,400	10,725	6,325
Amounts available for appropriation	<u>192,211</u>	<u>192,211</u>	<u>137,893</u>	<u>(54,318)</u>
Charges to Appropriations (Outflows)				
Recreation & culture	132,363	132,363	140,371	8,008
Capital outlay	<u>7,700</u>	<u>7,700</u>	<u>12,048</u>	<u>4,348</u>
Total charges to appropriations	<u>140,063</u>	<u>140,063</u>	<u>152,419</u>	<u>12,356</u>
Fund Balance - end of year	\$ <u>52,148</u>	\$ <u>52,148</u>	\$ <u>(14,526)</u>	\$ <u>(66,674)</u>

Supplemental Information

Roscommon Metropolitan Recreation Authority
General Fund
Schedule of Recreation and Culture Expenditures - Budget and Actual
Year Ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Culture and Recreation:			
Salaries and wages	\$ 41,100	\$ 42,145	\$ (1,045)
Payroll taxes	4,000	3,617	383
Supplies	4,325	4,162	163
Office supplies	1,245	1,499	(254)
Contracted services	4,800	9,753	(4,953)
Program costs	900	200	700
Casual labor	-	300	(300)
Advertising	5,700	6,076	(376)
Maintenance and repairs	12,913	11,537	1,376
Insurance	7,825	7,328	497
Fees	344	343	1
Utilities	46,650	51,092	(4,442)
Telephone	1,500	1,263	237
Licenses and fees	81	81	-
Miscellaneous	980	975	5
	<u>\$ 132,363</u>	<u>\$ 140,371</u>	<u>\$ (8,008)</u>